

Launch or Lose Funding Ultimatum Given to Alaska Aerospace

Legislature pressures Alaska Aerospace to launch

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On Sunday afternoon, a rocket soared to orbit from a launch pad on Virginia, a successful launch that may mean good news for the Kodiak Launch Complex 4,000 miles away.

This spring, the Alaska Legislature voted to cut 1 percent (about \$80,000) from the Alaska Aerospace Corporation's FY2014 funding. Hidden within the funding for Alaska Aerospace — which operates the Kodiak Launch Complex — is a catch.

If Alaska Aerospace does not sign a long-term commercial launch contract by March 31, 2014, the legislature will cut its budget by one-quarter.

That's below the amount AAC leaders have said is necessary to maintain the Kodiak Launch Complex and keep AAC running as a viable corporation, but AAC CEO Craig Campbell said he's confident his company can meet the challenge.

"I concurred with the challenge that we need to produce a customer in the next fiscal year," he said. "They actually gave us a little breathing room."

Alaska Aerospace Corporation was founded by the state in 1991 as a means to develop the aerospace sector of Alaska's economy. It built the Kodiak Launch Complex to compete with California's Vandenberg Spaceport, which launches satellites into polar orbits.

While the first years of AAC's operation were funded through revenue from launches and grants from the federal government, since 2011 AAC has become reliant upon regular state subsidies.

In 2011, the Legislature approved \$4 million for AAC. In 2012, it signed off on \$8 million in direct subsidies. That year, Governor Sean Parnell also approved \$25 million to expand Kodiak Launch Complex.

Legislators approved another \$8 million this year for AAC, but cut the corporation's funding request by 1 percent, paralleling similar cuts to other state departments.

Rep. Alan Austerman, who represents Kodiak in the state House and sits on the AAC board of directors, said legislators' patience is running out. "We can't just let it continue to go on and on and on," he said.

Campbell said AAC can bear this year's cut, but he now faces a tight deadline to generate revenue and wean the public corporation off state funding.

Sunday's launch in Virginia shows one possible way forward. The launch came from Wallops Flight Facility, a state-owned spaceport run by Dale Nash, who headed Alaska Aerospace before Campbell.

The rocket, named Antares, was designed and built by Orbital Sciences, which has not yet picked a West Coast launch site for the Antares. Kodiak is in the running, as is Vandenberg.

Launching the Antares from Kodiak would require a major expansion of the spaceport here, something already planned under an agreement with Lockheed-Martin.

Lockheed, however, has been slow to sell space aboard the rockets it plans to launch from Kodiak, and planning for the Launchpad expansion has stalled. Unless Lockheed can confirm a launch date, Campbell has said he will not put state money at risk by expanding the Kodiak Launch Complex.

Orbital Sciences offers a second route. Because the Antares launch Sunday was successful, that rocket may be more attractive than Lockheed's to satellite owners who want to reach orbit.

The ball is in Orbital Sciences' court, but Alaska Aerospace isn't sitting still.

As it waits for an answer from Orbital and Lockheed, the state-owned corporation is negotiating contracts for smaller rockets that can be launched from Kodiak's existing launch pads.

"I think I'm going to have one in the near term, this year," Campbell said.

Campbell's optimism is matched by Sen. Gary Stevens, who formerly sat on AAC's board of directors and represents Kodiak in the Alaska Senate. "I think you'll find that in the next two years they'll have some successful projects and some successful launches," he said. "I think it'll show that they're in the market and they can successfully compete."

Until a company signs on the dotted line, however, AAC will continue to move closer to March 31, a date that might be its final countdown.

As of April 22, it has been 573 days since the last launch at the KLC.

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